

CHAPTER VI ORDERING AND RECEIPT OF USDA FOODS

SECTION 1 - USDA FOODS ORDERING PROCEDURES

6100 DESIGNATION OF A DESTINATION FOR DELIVERY OF USDA FOODS

The ITO/State agency must order USDA foods on a monthly, bi-monthly, or quarterly basis for shipment to a destination(s) designated by the ITO/State agency with the assistance of the appropriate FNS Regional Office. The destination(s) must be selected prior to ordering any USDA foods and will remain in effect until formally changed or deleted by the ITO/State agency.

6101 Selection Criteria

Selection of a destination for USDA food shipments must be based on the following factors:

- A. Adequacy of available storage facilities, including dry, cool and/or freezer capabilities;
- B. Accessibility to local distribution warehouse(s) in the service area;
- C. Minimization of shipping costs to USDA; and
- D. Ability to accept deliveries.

6102 Notification of Destination Selection

The ITO/State agency must notify the appropriate FNS Regional Office of its destination selection(s) using Form FNS-7, Destination Data for Delivery of Donated Foods (see Exhibit N, attached). An "entity" code (item 4) will be assigned by USDA. The entity code and destination city (item 2) must be entered on all orders which are to be shipped to the specified destination. Changes to any of the information on Form FNS-7 must be reported immediately to the appropriate FNS Regional Office. The ITO/State agency must maintain the current Form FNS-7 in its files.

6110 ESTIMATING USDA FOOD NEEDS

The ITO/State agency must base the kinds and amounts of USDA food orders on the following factors:

- A. Participation
 - 1. Initial start-up participation data will be obtained by averaging SNAP participation for the 3 months prior to the month in which the order is placed;
 - 2. After the program is operative, participation data will be obtained by averaging Food Distribution Program participation for the first 2 months of the quarter in which the order is being placed.

(6110)

- B. Maintenance of a supply of available USDA foods sufficient for up to 3 month's distribution for each food group. Local agencies must maintain a minimum of 1 month's supply of available USDA foods for each food group. (Note: ITOs/State agencies participating in food ordering/distribution pilot programs may be advised to maintain a different level of foods for each food group.)
- C. Distribution rates as stated in the Food Distribution Program on Indian Reservations - Monthly Distribution Guide Rate by Household Size (see Exhibit O, attached).
- D. Household preferences for the various foods offered in the food package.
 1. Prior to implementation, the ITO/State agency must survey potential households to determine which varieties of USDA foods they would prefer to receive. To the maximum extent possible, food orders will be placed in accordance with the results of the survey. It is important to explain to the potential households that all of their food selections may not be available because of procurement, shipping, storage, and other related problems.
 2. After the Food Distribution Program has been implemented, food preferences may be obtained by the following methods:
 - a. During distribution, households may be interviewed by the distribution clerk, or other program personnel, to determine which varieties of USDA foods they prefer, and which foods they would like to see distributed. Specific brand requests cannot be processed or guaranteed.
 - b. During distribution, a printed list may be given to the households listing the varieties of foods that may be available for distribution the following month. The information provided should also contain maximum amounts of food authorized by family size. Households may fill in the types and amounts of food they would prefer to receive at the next distribution.
 3. After the program has been in operation for a few months, the refusal and acceptance of each USDA food should be analyzed to determine which foods are the most and least preferred by the household.
- E. The amount of inventory in the ITOs/State agency's storage for each food item.

6120 ORDERING USDA FOODS**6121 Ordering Options**

- A. Direct Shipment. A shipment consisting of a full truckload of a single food item to be delivered directly from a vendor or USDA storage facility to an ITO/State agency.

Full truckloads may be split among up to a maximum of three destinations, within a reasonable distance.

(6121)

It is recommended that ITOs/State agencies order direct shipments when:

1. Sufficient storage space is available for supplying a full food package; and
2. Inventories relative to participation do not exceed a 3-month supply for each food group (see subparagraph 7431, below).

B. **Multi-Food Shipment.** A truckload shipment consisting of a combination of three or more food items. The orders are filled from Federal inventory, and are consolidated to be shipped as one unit.

ITOs/State agencies should utilize the multi-food ordering option when:

1. Storage space is limited; or
2. When only partial quantities of individual foods are needed.

6122 Submission of Food Orders

Food orders are submitted and managed via the USDA electronic ordering system.

6150 TRANSFER OF EXCESS INVENTORY

If an ITO/State agency has USDA foods in inventory that it cannot effectively use in the program it must immediately contact the appropriate FNS Regional Office to arrange a transfer. Upon FNS' request, the ITO/State agency must ensure that the USDA food is inspected to determine if the product is fit for human consumption. The ITO/State agency must maintain a record of all transfers from its inventories, and of any inspections related to such transfers.

6151 Assumption of Transfer Costs

The ITO/State agency will assume all transportation and related costs (including inspection) if it cannot satisfactorily demonstrate that the need for the transfer did not result from fault or negligence on its part. If the need for a transfer is not the fault of the ITO/State agency or due to negligence on its part, USDA will assume all appropriate costs for the transfer.

6152 At FNS' Request

Whenever a transfer of USDA foods is made at the request of FNS, USDA will have the foods inspected and pay all appropriate transportation and related costs (unless the transfer is necessary to prevent loss through fault or negligence on the part of the ITO/State agency).

6160 TRANSFER OF BONUS USDA FOODS

Bonus foods (i.e., USDA foods purchased with funds authorized by Section 32 of Public Law 74-320 that are not provided as part of the approved food package) may be transferred from an ITO/State agency Food Distribution Program to a food bank or other entity eligible to receive Section 32 bonus foods. Prior FNS approval is not required for the transfer.

6170 FOOD ORDERING PROCEDURES FOR A LOCAL AGENCY

The ITO/State agency must provide the local agency with instructions and forms on making estimates of food needs and ordering. The shipment periods may vary from 1 to 3 months depending on the ITO's/State agency's warehouse and transportation facilities. Therefore, the inventory in storage requirements may vary. For example, if the ITO/State agency ships the foods on a monthly basis, at least a 1 month supply per food group should be maintained at the local agency. If shipments are to be made every 3 months, a 3 month supply should be maintained at the local agency.

Regardless of the system the ITO/State agency employs, the local agency must base food estimates and orders on the following factors:

- A. Participation data;
- B. Inventory in storage;
- C. Distribution rates as stated in the Food Distribution Program on Indian Reservations - Monthly Distribution Guide Rate by Household Size (see Exhibit O);
- D. History of local food preferences; and
- E. Local storage capacity and conditions.

SECTION 2 - USDA FOODS RECEIPT PROCEDURES**6200 GENERAL**

- A. When direct shipments of USDA foods are shipped by the vendor or transported from Federal storage, USDA will provide written notification to the ITO/State agency via the KC-269(A), Forwarding Notice (see paragraph 6217, below, and Exhibit T, attached), which provides the following information:
1. The delivery order, contract/warehouse code, and notice to deliver numbers;
 2. The origin and destination of the shipment;
 3. The food, pack size, and quantity; and
 4. The delivery period.
- B. For multi-food shipment orders, written notification is provided via the PPCR71, Multi-Food Consignee Report (see paragraph 6218, below). In addition to the above information, this report also includes a consolidation number for identifying the shipment.

6210 ITO/STATE AGENCY RESPONSIBILITIES

Within 24 hours of the day the USDA foods are scheduled to arrive at the destination, the carrier must notify the ITO/State agency by telephone, email, or data fax. It is the ITO's/State agency's responsibility to ensure that the truck is inspected and unloaded within a reasonable time in order to avoid demurrage charges. In addition, if a part of the shipment is intended for another destination, it is the responsibility of the vendor or carrier to ensure that the load is properly leveled and braced prior to its departure for the next stop.

6211 Shipment Inspection Procedures

The ITO/State agency or consignee must examine all shipments, prior to accepting or unloading the USDA foods, to determine the following:

- A. If temperatures for refrigerated and frozen products are adequate to assure that the foods are in good condition;
- B. If there is damage to canned goods, such as dented, bulging, discolored, or disfigured cases or cans, which might indicate spoilage or deterioration;
- C. If dry foods, such as nonfat dry milk, flour, and other grain products, show signs of insect or rodent infestation;
- D. If there is a shortage or overage in the shipment; and
- E. If seals are intact or broken when the shipment is the first of several stops to be made by the carrier.

6212 Over, Short, or Damaged Shipments

When a shipment is received and found to be over or short in quantity or containing damaged food the ITO/State agency must notify the delivering carrier immediately. All overages, shortages, and damages must be documented on all copies of the delivery receipt, prior to signature by the ITO's/State agency's representative.

If the issues are extensive, the ITO/State agency must immediately contact the appropriate FNS Regional Office (see paragraph 6213, below). The ITO/State agency must not refuse the shipment without prior approval from the appropriate FNS Regional Office.

The ITO/State agency must also prepare Form FNS-57, Report of Shipment Received Over, Short and/or Damaged (See Exhibit S, attached), and forward it to the appropriate FNS Regional Office. Form FNS-57 will not be accepted as a valid claim if the signed delivery receipt does not document the reported overages, shortages, and/or damaged products.

6213 Receipt of Out-of-Condition Food

When a shipment is received in which all or a major part of the food appears to be unfit for human consumption, the ITO/State agency must immediately notify the appropriate FNS Regional Office. It may be appropriate to refuse the shipment; however, this action must not be taken without prior consent of the appropriate FNS Regional Office.

6214 Notification of Out-of-Condition Shipment of USDA Foods

When reporting the shipment of out-of-condition USDA foods, the ITO/State agency must communicate the information listed below to the appropriate FNS Regional Office by telephone **and** in writing. ITOs/State agencies are encouraged to also submit photographs of the foods that are out-of-condition.

- A. Name of the USDA food;
- B. Delivery order number;
- C. Date the shipment was received;
- D. Date of discovery;
- E. Description of the condition of the food;
- F. Location of the food;
- G. Name of the person having custody of the food;
- H. Quantity that is in questionable condition; and
- I. Protection given the food after receipt.

6215 Salvage of USDA Foods

If some of the USDA foods in a damaged shipment are salvageable, it is the ITO's/State agency's responsibility to save as much of the food as practicable. Out-of-pocket expenses, such as labor or packaging costs, incurred by the ITO/State agency or by the local consignee during a salvage operation are reimbursable by USDA.

6216 USDA Foods with Latent Defects

- A. How to Report Food Complaints. USDA foods that are found to be defective after they are received at the ITO/State agency warehouse, or after they have been issued to a household, should be reported to FNS as soon as the problem is detected. Food complaints may be reported to FNS in any of the following ways:
1. Web-Based Supply Chain Management System;
 2. USDA Foods Complaint Hotline at 1-800-446-6991; or
 3. Email at USDAFoodsComplaints@fns.usda.gov.
- B. Complaint Information Needed. The following information is needed to resolve food problems with the vendors. ITOs/State agencies are encouraged to also submit digital photographs of the defects.
1. Delivery order number;
 2. Notice to Deliver Number;
 3. Contract Number (5 digit number on the case);
 4. Name and address of the ITO or State agency;
 5. Contact person's name, phone number, and email address;
 6. Food name and commodity code;
 7. Description of the problem and quantity of the product affected;
 8. Date product was received by the ITO or State agency; and
 9. How the ITO or State agency would like the problem resolved (e.g., replacement).
- C. USDA Foods that Go Out-of-Condition While in Storage by the ITO/State agency. The ITO/State agency should make every effort to maintain proper inventory levels and issue foods in a timely manner to avoid having foods go out-of-condition (see paragraphs 7430, 7431 and 7432, below). The ITO/State agency must contact the appropriate FNS Regional Office if it has USDA foods that are expected to go out-of-condition before they can be effectively used in the program (see paragraph 6150, above, on transfers). Out-of-condition food must not be disposed of or destroyed unless they create a hazard for other food stored nearby; however, they should be segregated from other foods immediately. If immediate disposal is necessary, the ITO/State agency must request permission from the appropriate

(6216)

FNS Regional Office and document approval. The quantity of the food and the manner in which it was disposed must be included in the ITO's/State agency's report to the appropriate FNS Regional Office.

6217 Form KC-269(A), Forwarding Notice, as a Consignee Receipt

Form KC-269(A), Forwarding Notice, provides advance notice of the quantities of donated food ordered for shipment by USDA for the order(s) shown (See Exhibit T, attached). The notice usually includes the mode of transportation. The Report of Cargo Over, Short, and/or Damage (on the reverse side of Form KC-269(A)) must be completed by the ITO/State agency when there is an overage, shortage or damage to the shipment.

Two copies for each order shown on Form KC-269(A) will be sent to the ITO/State agency. When an over, short or damaged shipment is received, Section III, the Distributing Agency Consignee Receipt, is to be completed, and a copy returned to USDA accompanied, when necessary, by Form FNS-57 (Over, Short, and Damaged Report) and other supporting documentation.

6218 Form PPCR71 - Multi-Food Consignee Receipt

Form PPCR71, Multi-Food Consignee Receipt, eliminates paperwork relative to shipments of mixed donated foods. It lists the names of foods and quantities requested for shipment under the designated consolidation number. Any shipment in which there was a shortage, overage, or damage must be reported on Form FNS-57 (Over, Short, and Damaged Report) and provided to USDA.

6220 LOCAL AGENCY RESPONSIBILITIES

The ITO/State agency must notify the local agency when USDA foods are to be delivered and in what quantities. The local agency must be prepared to accept and store the foods and must inspect and count them, as they are unloaded. The ITO/State agency must provide the local agency with forms for the receipt of the foods, and for reporting any overages, shortages, or damage.